

**NORTHEAST LOUISIANA
ECONOMIC ALLIANCE, INC.**

FERRIDAY, LOUISIANA

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/16/11

BY

JIMMIE SELF, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

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NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.

FERRIDAY, LA

For the Year Ended June 30, 2010

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Independent Auditor's Report

Board of Directors
Northeast Louisiana Economic Alliance, Inc.
Ferryday, Louisiana

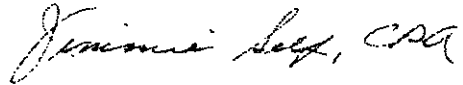
I have audited the accompanying statement of financial position of Northeast Louisiana Economic Alliance, Inc. (non-profit organization -- the Alliance) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended as listed in the accompanying Table of Contents. These financial statements are the responsibility of management of the Alliance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 12, 2010 on my consideration of the Alliance's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and reporting on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an

audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
December 12, 2010

Financial Statements

STATEMENT OF FINANCIAL POSITION
 June 30, 2010

| | Unrestricted | Temporarily Restricted Fixed Assets | Temporarily Restricted Loan Programs | Loan Programs | Total |
|---|-----------------|--|---|---------------------|---------------------|
| Assets | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ - | \$ - | \$ - | \$ 983,480 | \$ 983,480 |
| Grants Receivable | - | - | - | 523,107 | 523,107 |
| Total Current Assets | - | - | - | 1,506,587 | 1,506,587 |
| Non Current Assets | | | | | |
| Certificates of Deposit | - | - | - | 253,174 | 253,174 |
| Loans Receivable, \$640,665 net of Allowance for loan losses of \$273,924 (Note # 4) | - | - | - | 366,741 | 366,741 |
| Other Assets (\$272,765 See Note 7) | | 250,000 | 22,765 | - | 272,765 |
| Interagency | | | | (4,783) | (4,783) |
| Total Non-Current Assets | - | 250,000 | 22,765 | 615,132 | 887,897 |
| Property and Equipment | | | | | |
| Fixed Assets, Net (Note 6) | 6,137 | - | - | 8,901 | 15,038 |
| TOTAL ASSETS | \$ 6,137 | \$ 250,000 | \$ 22,765 | \$ 2,130,620 | \$ 2,409,522 |
| LIABILITIES AND NET ASSETS | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 1,692 | \$ 1,692 |
| Accrued Vacation | 32,910 | - | - | 41,566 | 74,476 |
| Notes Payable-Current Portion (see Note # 8) | - | - | - | 85,745 | 85,745 |
| Loan Cleraing | - | - | - | (901) | (901) |
| Total Current Liabilities | 32,910 | - | - | 128,102 | 161,012 |
| Long-term Liabilities: | | | | | |
| Notes Payable | - | - | - | 1,409,166 | 1,409,166 |
| Total Liabilities | 32,910 | - | - | 1,537,268 | 1,570,178 |
| Net Assets: | | | | | |
| Unrestricted | (26,773) | - | - | - | (26,773) |
| Temporarily Restricted | - | 250,000 | 22,765 | 593,352 | 866,117 |
| Total Net Assets | (26,773) | 250,000 | 22,765 | 593,352 | 839,344 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 6,137 | \$ 250,000 | \$ 22,765 | \$ 2,130,620 | \$ 2,409,522 |

See accompanying notes to financial statements

STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2010

| | Unrestricted | Temporarily Restricted Net Assets | Temporarily Restricted Loan Programs | Loan Programs | Total |
|---|--------------|--|---|------------------|--------------|
| Support and Revenue | | | | | |
| Contracts: | | | | | |
| Louisiana Department of Economic Development: | | | | | |
| Cooperative Endeavors | \$ 1,212,052 | \$ - | \$ - | \$ - | \$ 1,212,052 |
| Renewal Community | - | - | - | 309,625 | 309,625 |
| Loan Interest Income | - | - | 20,872 | - | 20,872 |
| Loan Application Fee | - | - | - | - | - |
| Total Support and Revenue | 1,212,052 | - | 20,872 | 309,625 | 1,542,549 |
| Net Assets Released from Restrictions | | | | | |
| Satisfaction of Program Restrictions | 15,807 | - | (15,807) | - | - |
| Total Support, Revenue and Net Assets Released from Restrictions | 1,227,859 | - | 5,065 | 309,625 | 1,542,549 |
| Expenses and Loan Losses. | | | | | |
| Renewal Community | 184,008 | - | - | - | 184,008 |
| Loan Programs | - | - | - | 65,030 | 65,030 |
| Economic Development | 859,590 | - | - | - | 859,590 |
| Total Programs | 1,043,598 | - | - | 65,030 | 1,108,628 |
| Management and General | 230,064 | - | - | 36,097 | 266,161 |
| | 1,273,662 | - | - | 101,127 | 1,374,789 |
| Provision for Loan Losses | - | - | - | 30,521 | 30,521 |
| Loss on sale of Assets-Collateral | - | - | - | - | - |
| Total Expenses and Losses | 1,273,662 | - | - | 131,648 | 1,405,310 |
| Changes in Net Assets | (45,803) | - | 5,065 | 177,978 | 137,239 |
| Net Assets at Beginning of Year | 19,030 | 250,000 | 17,700 | 415,375 | 702,105 |
| Net Assets at End of Year | \$ (26,773) | \$ 250,000 | \$ 22,765 | \$ 593,353 | \$ 839,344 |

See accompanying notes to financial statements.

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana

EXHIBIT 3

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

| | PROGRAM SERVICES | | | SUPPORTING SERVICES | |
|---|----------------------|------------------|-------------------------|---------------------------|---------------------|
| | Renewal Community | Loan | Economic Development | Management and General | Total |
| Advertising-Promotional | \$ 8,459 | \$ - | \$ 5,879 | \$ - | \$ 14,338 |
| Conference Sponsorship/Other | - | - | 9,000 | - | 9,000 |
| Salaries and Wages | - | 22,320 | 177,901 | 33,837 | 234,058 |
| Fringe Benefits | - | - | 40,190 | 9,100 | 49,290 |
| Vacation Pay | - | 172 | 1,050 | 345 | 1,567 |
| Publication and Printing | 1,581 | - | - | 5,365 | 6,946 |
| Equipment and Building Maintenance | - | - | 5,750 | - | 5,750 |
| Interest Expense | - | 15,808 | - | - | 15,808 |
| Office Maintenance | 7,110 | 901 | 7,234 | 691 | 15,936 |
| Dues and Subscriptions | - | - | 2,069 | - | 2,069 |
| Telephone | 5,045 | 375 | 7,011 | 1,395 | 13,826 |
| Postage | 86 | 94 | 1,821 | 251 | 2,252 |
| Utilities | 1,401 | 289 | 2,916 | 240 | 4,846 |
| Other Expenses | 1,784 | 1,500 | 7,765 | 5,473 | 16,522 |
| General Office Supplies and Maintenance | - | 10,493 | - | - | 10,493 |
| Professional Services | 4,120 | - | 502,335 | 173,834 | 680,289 |
| Auditing fees | 2,450 | - | 11,484 | 7,610 | 21,544 |
| Fluoride Studies | 149,830 | - | - | - | 149,830 |
| NSP | 2,142 | 1,811 | 8,322 | 6,270 | 18,545 |
| Travel | - | - | 62,732 | 21,510 | 84,242 |
| Depreciation Expense | - | 8,901 | 6,131 | - | 15,032 |
| Other | - | - | - | 240 | 240 |
| Loan Allowance Expense | - | 30,521 | - | - | 30,521 |
| Loan Expenses | - | 2,366 | - | - | 2,366 |
| | <u>\$ 184,008</u> | <u>\$ 95,551</u> | <u>\$ 859,580</u> | <u>\$ 266,161</u> | <u>\$ 1,405,310</u> |

See accompanying notes to financial statements.

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana

EXHIBIT 4

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2010

Cash Flows from Operating Activities:

| | |
|---|------------------|
| Change in Net Assets | \$ 137,239 |
| Adjustments to Reconcile Changes in Net Assets to NetCash Provided (Used) by Operating Activities: | |
| Depreciation | 15,032 |
| Grants Receivable | (307,706) |
| Loans Receivable | (51,938) |
| Changes in: | |
| Certificate of Deposit; General Checking | |
| Accounts Payable | (25,707) |
| Net Cash Provided (Used) by Operating Activities | <u>(233,080)</u> |

Cash Flows from Investing Activities:

| | |
|--|----------------|
| Other Assets | |
| Equipment Purchase | <u>(6,390)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(6,390)</u> |

Cash Flows from Financing Activities:

| | |
|---|-----------------|
| Loans Payable | |
| Net Cash Provided by Financing Activities | <u>(85,745)</u> |

Increase in Cash and Cash Equivalents (325,215)

Cash and Cash Equivalents, Beginning of Year 1,308,695

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 983,480

Supplemental disclosure of Cash Flow information:

Cash paid during the year for interest \$15,808

See accompanying notes to financial statements.

Notes to Financial Statements

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Northeast Louisiana Economic Alliance, Inc. (the Alliance) is a non-profit organization whose membership consists of municipalities and economic development organizations located in Northeast Louisiana. The Alliance's mission is economic development, industrial recruitment and readiness, and job creation. The Alliance is recognized as a tax-exempt (non-profit) organization under section 501 (c) (3) of the Internal Revenue Service Code, and is exempt from federal and state income taxes.

In December, 1994, the Alliance's application for a Rural Enterprise Community was approved by the United States Department of Agriculture (USDA). Approval as an Enterprise Community was coupled with a three-year USDA grant in the amount of \$2,950,000. In 1998, this contract was renewed for an additional three years of operations. The purpose of the Enterprise Community program is to implement a strategic plan formulated for revitalizing the economy of portions of certain parishes within the Alliance's domain.

USDA also approved a \$2,000,000 loan to the Alliance to establish a revolving loan fund for business and economic development within the Enterprise Community, as well as throughout the Alliance's entire area. In May, 2001, an additional \$750,000 loan was approved to further fund this revolving loan program. These loans were obtained through USDA's Intermediary Re-lending Program.

In August, 1995, the USDA approved a \$300,000 Rural Enterprise Grant to allow the Alliance to operate a small business loan program solely for the Enterprise Community. Two additional \$300,000 grants were approved in March, 1998, and April, 2001, to continue this program.

Periodically, the Alliance implements, on a contractual basis, other programs designated for economic and industrial development and job training.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

The financial statements of the Alliance have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables and payables.

Basis of Presentation

The Alliance has adopted Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Made, and SFAS No. 117, Financial Statements of Not-for-Profit Organizations.

SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three net asset categories follows:

Unrestricted Net Assets - Net assets subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Alliance and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Alliance. Generally, the donors of these assets permit the Alliance to use all or part of the income earned on related investments for general or specific purposes. As of June 30, 2009, the Alliance has no permanently restricted net assets.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions, and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged or credited to the provision for loan losses. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the loan portfolio and the related allowance may change in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

Cash and Cash Equivalents

The Alliance considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Property and Equipment

Property and equipment having estimated useful lives greater than one year are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment.

Maintenance and repairs are charged to operations; significant improvements are capitalized. The cost and related accumulated depreciation of assets retired or otherwise disposed are eliminated from the accounts and the resulting gain or loss is included in income.

Certain property and equipment are restricted as to use and disposition by grant agreements and by contractual agreements.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash at June 30, 2010, consisted of the following:

| | |
|--------------|-------------------|
| Unrestricted | |
| Loan Program | 983,480 |
| TOTAL | <u>\$ 983,480</u> |

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.

Ferriday, Louisiana

Notes to the Financial Statements

As of and for the Year Ended June 30, 2010

Certificates of Deposit at June 30, 2010, consisted of the following:

| | |
|--|-------------------|
| Restricted: | |
| Intermediary Re-lending Program (Loan Program) | \$ 243,174 |
| Rural Business Enterprise Grant Program (Loan Program) | 10,000 |
| TOTAL | <u>\$ 253,174</u> |

Cash and certificates of deposit in the Intermediary Re-lending Program accounts are restricted for lending purposes, for the program's administrative costs and for repayment of debt to USDA. Cash and certificate of deposit in the Rural Business Enterprise Grant Program loan accounts are restricted for lending purposes and for the program's administrative costs. Cash in the Rural Business Enterprise Grant Program building renovation accounts is restricted for renovation purposes.

The Alliance maintains cash balances at several financial institutions located in Northeast Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 each, plus collateral held by the pledging banks or their agents with a market value of \$1,035,843. At June 30, 2010, all of the Alliance's cash balances were covered by FDIC insurance or by collateral held by the pledging banks or their agents.

NOTE 3. GRANT RECEIVABLE – RENEWAL COMMUNITY PROGRAM

Grants receivable includes unreimbursed costs of approximately \$523,107 incurred in operating the Renewal Community Program and the Cooperative Endeavors Program. Both grants receivable are due from the Louisiana Department of Economic Development.

NOTE 4. LOANS RECEIVABLE

During 1996, the Alliance began making loans to business entities through USDA's Intermediary Re-lending Program. Under this program, loans of up to \$150,000 may be made to business entities in the Alliance's eleven-parish operating area. However, a maximum of twenty-five percent of the total loan portfolio may be loans of up to \$250,000 to recipients who qualify. Loan recipients are required to fund twenty-five percent of their approved project costs.

At least sixty percent of the total Intermediary Re-lending Program funds available must be loaned to businesses within the Enterprise Community, and a maximum of forty percent of the funds available may be loaned to businesses outside of the Enterprise Community.

During 1996, the Alliance began making loans to business entities under the Rural Business Enterprise Grant Program. This program allows loans of up to \$25,000 to be made to businesses within the Enterprise Community. Principal payments and interest received on loans made under the Intermediary Re-lending Program can be used only for the following purposes: for payment of the debt to USDA; for payment of reasonable administrative costs of the program; and for

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

lending purposes. Principal payments and interest received on loans under Rural Business Grant Programs can be utilized only for the payment of reasonable administrative costs and for re-lending purposes.

| | |
|------------------------------------|-------------------|
| Loans Receivable @ 6/30/09 | \$ 560,228 |
| Additional Loan @ 6/30/10 | 250,000 |
| | <u>810,228</u> |
| Amount Received on Loans @ 6/30/10 | (169,563) |
| | <u>640,665</u> |
| Less Allowance for Loan Losses | (273,924) |
| | <u>\$ 366,741</u> |

During the year ended June 30, 2010, no loans receivable were charged off, pending Board approval.

NOTE 5. TEMPORARILY RESTRICTED ASSETS

At June 30, 2010, Temporarily Restricted Assets consist of the following:

Headquarters building with an impaired value of \$250,000. (See note 7). \$250,000

Other restrictions required for loan payments:

| | |
|--------------------------------------|------------------|
| Beginning Balance | 17,700 |
| Satisfaction of program restrictions | <u>5,065</u> |
| Total Other Restrictions | <u>22,765</u> |
| TOTAL Temporarily Restricted Assets | <u>\$ 22,765</u> |

NOTE 6. PROPERTY AND EQUIPMENT

The major classes of owned property and equipment at June 30, 2009, are summarized below:

| | |
|---|------------------|
| Furniture and Fixtures | \$ 11,820 |
| Equipment | <u>190,749</u> |
| | 202,569 |
| Additions-2009 –Laptop Computers (3) | 4,202 |
| - Desktop Computers (2) | 17,182 |
| - File Cabinets | <u>1,786</u> |
| Beginning Balance @ 06-30-09 | 225,739 |
| Additions 2010 – Furniture and Fixtures | <u>6,390</u> |
| Total Before Accumulated Depreciation | 232,129 |
| Less Accumulated Depreciation | <u>-217,091</u> |
| Net Property and Equipment | <u>\$ 15,038</u> |

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

NOTE 7. OTHER ASSETS

The Alliance is planning to move its headquarters to a more centralized location to better serve its member parishes. Part of this strategy includes moving from its current headquarters in Ferriday, Louisiana, and listing the building there for sale with a local realtor. Due to various factors, including the local economic conditions in Ferriday and the surrounding areas, the building has been listed for sale at an amount which is below its carrying value of \$339,199. As a result, the Alliance has recorded an impairment loss of \$89,199 to reduce the carrying value of the building to an amount that reflects managements' best estimate of proceeds to be received from the sale of the building. Due to management's decision to relocate corporate headquarters, any provision for depreciation has been discontinued effective June 30, 2006. (See Note 5)

| | |
|---|------------------|
| Restrictions on Impaired Fixed Assets | \$250,000 |
| Required Temporary Restrictions on programs | <u>22,765</u> |
| Total Temporarily Restricted Assets | <u>\$272,765</u> |

NOTE 8. NOTES PAYABLE

The notes payable represents the balance due to USDA at June 30, 2010, two notes referred to as Loan # 6 and Loan # 8. The total amount of funds borrowed from the USDA is under the Intermediary Re-lending Program. In accordance with the loan agreement, up to \$2,750,000 may be borrowed by the Alliance for re-lending purposes to business entities within its eleven parish operational area. The balance outstanding under the two USDA loans at June 30, 2010 is \$1,494,911.

Under the terms of the loan agreement, interest at rate of 1.00% is accrued on the outstanding balance. In December, 1998, the Alliance began making annual principal and interest payments of \$113,210, which is to continue until the note matures in December, 2025.

Loan # 8 continues to be paid at an annual payment of \$81,372.00. However, in 2008 Loan # 9 was reamortized as follows:

On June 6, 2008, a request was made to the USDA for reamortization of Loan # 6, under the Intermediary Re-lending Program, in the original amount of loan of \$750,000, amount to be amortized \$428,624. In accordance with RD Instruction 4274-D, Section 4274.338(b) (9), funds not used by 6 years from the date of Loan Agreement, should be canceled and returned as an extra payment on the loan. Unliquidated obligated funds were returned and credited as an extra payment as of January 11, 2008, in the amount of \$208,750.50 and the intermediary has a successful program, therefore the request was approved in accordance with RD Instruction 4274-D, Section 4274.338 (b) (9), National office concurrence, and office of General Counsel approval of legal sufficiency. Annual payments on Loan # 6 were reduced to \$20,095.56. In

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
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Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

October 25, 2008, Loan # 6 was transferred to Loan # 9. Annual payments were raised to \$20,180.00.

The notes payable are collateralized by an Assignment of Security Interest for each loan made that is collateralized by personal property. Also, the notes payable are collateralized by an Assignment of Mortgage for each loan made that is collateralized by real estate.

Loan #9 and Loan #8 are being paid at an annual amount of \$101,552.00 presented in the following table:

| <u>Paid</u> | <u>Amount</u> | <u>Interest</u> | <u>Principal</u> | <u>Balance</u> | <u>Interest</u> |
|-------------|---------------|-----------------|------------------|----------------|-----------------|
| 2010 | 101,552 | 15,806 | 85,745 | 1,494,911 | 15,807 |
| 2011 | 101,552 | 14,949 | 86,602 | 1,408,308 | 30,756 |
| 2012 | 101,552 | 14,083 | 87,469 | 1,320,839 | 44,839 |
| 2013 | 101,552 | 13,208 | 88,344 | 1,232,495 | 58,047 |
| 2014 | 101,552 | 12,325 | 89,227 | 1,143,268 | 70,372 |
| 2015-2019 | 507,760 | 48,061 | 459,699 | 683,586 | 118,433 |
| 2020-2024 | 507,760 | 24,616 | 483,144 | 200,421 | 143,045 |
| 2025-2026 | 203,104 | 3,692 | 200,421 | - | 146,057 |

The interest expense for the year ended June 30, 2010 totaled \$15,808.

NOTE 9. EMPLOYEE BENEFIT PLANS

The Alliance has established a retirement plan for its employees in accordance with Section 401 (k) of the Internal Revenue Code. For employees that have been employed for one year, the Alliance matches up to 3% of an employee's salary under this plan. The Alliance contributed approximately \$4,021 to the plan during the year ended June 30, 2010.

The Alliance also has an employer's discretionary contribution retirement plan in which the Alliance contributes 10% for each employee that has been employed for one year when funds are available. The Alliance contributed approximately \$2,494 under this plan during the year ended June 30, 2010.

NOTE 10. FINANCIAL INSTRUMENTS

Concentration of Credit Risk

The Alliance operates its Enterprise Community Program and other contractual programs under a cost reimbursement contract which results in amounts due from the Louisiana Department of Economic Development – Office of Community Services at various times during the performance of the contract. (See Note 3)

NORTHEAST LOUISIANA ECONOMIC ALLIANCE, INC.
Ferriday, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2010

Collateralization Policy

Unless otherwise disclosed, the Alliance does not obtain collateral or other security to support financial instruments subject to credit risk.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

The Alliance makes no provision for other post employment benefits except as outlined in Note 9.

NOTE 12. EMPLOYEE TERMINATION BENEFITS

Employees leaving the employment of Northeast Louisiana Economic Alliance, Inc. will be paid their unused annual leave, not to exceed 80 hours. Payment will be made on the employee's regular paycheck at the end of the month. Employees will not be paid for unused sick leave or personal leave upon termination of employment. Each employee taking annual leave will record the date and hours taken on "Request for Leave" form.

NOTE 13. RISK MANAGEMENT

The Alliance is exposed to various risk of loss related to torts: theft of, damage to, and destruction of assets, and injuries to employees. To handle such risk of loss, the Alliance carried insurance coverage with two insurance companies in 2009; Stone Trust in Ruston, Louisiana, and EMC Insurance Co. – Davis Insurance, agent, Ferriday, Louisiana. The policies cover property, liability, crime and fidelity, employee liability, and others. No claims have been paid on any of the policies during the past three years that exceeds the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2010.

NOTE 14. CONDITIONAL PROMISE TO GIVE

The Alliance has entered into a multi-year contract with the State of Louisiana (OCR # 251 CFMS # 674878) for funds which have been committed to the Alliance conditional upon the appropriation of State funds. The total contract was for \$5,000,000.00. The amount of \$525,052 was forwarded to the Alliance in the year ended June 30, 2010 and is shown in the Statement of Activities as included in Expenses and Loan Losses: Economic Development.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events were evaluated by management up to and including the issue date of this report, December 12, 2010. There were no subsequent events noted which would affect the financial statements for the year ended June 30, 2010.

Required
Supplementary Information

Jimmie Self, CPA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

Board of Directors
Northeast Louisiana Economic Alliance, Inc
Ferriday, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Northeast Louisiana Economic Alliance, Inc., as of and for the year ended June 30, 2010, which collectively comprise the Northeast Louisiana Economic Alliance, Inc.'s basic financial statements and have issued my report thereon dated November 19, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Northeast Louisiana Economic Alliance, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northeast Louisiana Economic Alliance, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement to the Northeast Louisiana Economic Alliance, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis.

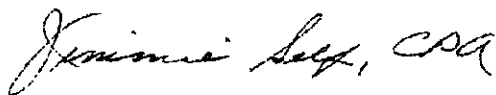
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. The results of

my tests disclosed no instances of noncompliance or other such matters that are required to be reported under Government Auditing Standards.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Louisiana Economic Alliance Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other such matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management of the Northeast Louisiana Economic Alliance, Inc, others within the Northeast Louisiana Economic Alliance, Inc., and the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Jimmie Self, CPA". The signature is fluid and cursive.

Jimmie Self, CPA
Monroe, Louisiana
December 12, 2010

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INDEPENDENT AUDITOR'S OPINION FOR CONTRACT COMPLIANCE AUDITS

Board of Directors
Northeast Louisiana Economic Alliance, Inc.
Ferriday, Louisiana

I have audited the financial statements of the Northeast Louisiana Economic Alliance, Inc. for the year ended June 30, 2010, and have issued my report thereon dated December 12, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the Government Auditing Standards ("Yellow Book") issued by the U.S. General Accounting Office, and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

The management of the Northeast Louisiana Economic Alliance, Inc. is responsible for the Alliance's compliance with laws and regulations. In connection with the audit referred to above, I selected and tested transactions and records from the state contract, number OCR# 251-800262 CFMS# 661916.

The purpose of my testing of transactions and records from that contract was to obtain reasonable assurance that the Northeast Louisiana Economic Alliance, Inc. had in all material respects administered the contract in compliance with laws and regulations, noncompliance with which I believe could have a material effect on the allowability of contract expenditures.

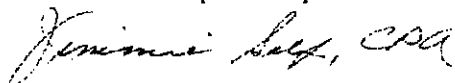
My testing of transactions and records disclosed no instances of noncompliance with those laws and regulations.

In my opinion, for the year ended June 30, 2010, the Northeast Louisiana Economic Alliance, Inc. administered the state contract number OCR#251-800262 CFMS# 661916 in compliance, in all material respects, with laws and regulations, noncompliance with which I believe could have a material effect on the allowability of contract expenditures.

This report is intended solely for the information and use of management of the Alliance.

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others within the Alliance, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.



Jimmie Self, CPA
Monroe, Louisiana
December 12, 2010

Additional Supplementary Information

SCHEDULE OF FINDINGS AND RESPONSES
And
PRIOR YEAR FINDINGS

CURRENT YEAR FINDINGS FYE JUNE 30, 2010

There were no current year findings for the year ended June 30, 2010.

PRIOR YEAR FINDINGS FYE JUNE 30, 2009

Finding #2009-01 Coding Errors

Finding:

There were some account coding errors, and some incorrect beginning balances, due to human error and the large number of accounts.

Recommendations:

The bookkeeper should be more careful as transactions are entered.

Management's Corrective Action Plan:

These errors are corrected by the bookkeeper at June 30, 2009.

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SUMMARY SCHEDULE OF FINDINGS

FOR THE YEAR ENDED JUNE 30, 2010

I have audited the financial statements of Northeast Louisiana Economic Alliance, Inc. and have issued my report dated December 12, 2010. My audit of the financial statements as of June 30, 2010 resulted in an unqualified opinion (qualified, adverse, disclaimer.)

Section I - Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ yes ☒ no Internal Control Deficiencies ☐ yes ☒ no

Compliance

Compliance material to Financial Statements ☐ yes ☒ no

There were no federal funds.